

BUDGET FOR FISCAL YEAR 2006 - 2007

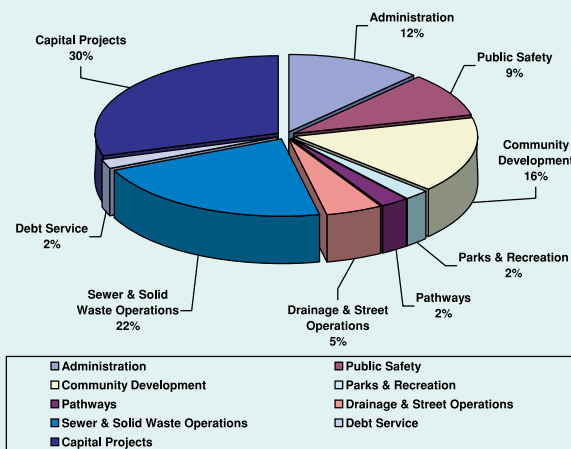
The Town's priorities for the year are to provide timely and quality services to residents and to preserve infrastructure assets. The budget presented in this document is our plan for meeting Town priorities within our fiscal constraints.

This proposed budget has been prepared in accordance with the following principles:

- Prioritize Town infrastructure needs to make the best use of scarce resources
 - Use reserves, new revenues and reductions to fund a balanced, sustainable budget
 - Evaluate new ways to do business to improve services and reduce costs
- Some key assumptions and projections used in the preparation of this budget are as follows:
- Secured property tax projected to increase by 7.8%
 - Full-time employee staffing remains at 21; salaries will be adjusted by a 2.9% CPI increase
 - An appropriation in the amount of \$178,000 has been included to fund post-employment health benefits
 - Capital improvement projects: budget is \$3.289 million - an increase of \$648 thousand over the prior year; the cost will be offset by outside funding in the amount of \$692 thousand
 - Other planned projects include replacement of accounting software (\$37K), general plan update (\$50K), annexation processing (\$20K), Council elections (\$27K), urban forest management (\$75K), replacement of code enforcement vehicle (\$35K); traffic study (\$30K)
 - Expenditures exceed revenues for the year by \$1,837,810 - this excess is the amount being spent out of reserves for capital projects
 - Our reserves remain at a satisfactory level and our Town is in healthy financial shape

Our goal is to provide the high level of service the community expects within the revenues we have available. We will continue to investigate opportunities for revenue growth and cost containment aimed at providing a balanced budget that will accommodate maintenance of facilities, appropriate staffing levels and funding for future capital projects.

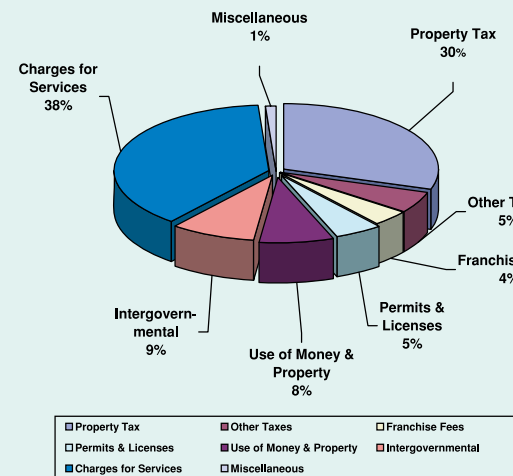
WHERE DOES THE MONEY GO?



EXPENDITURES BY FUNCTION

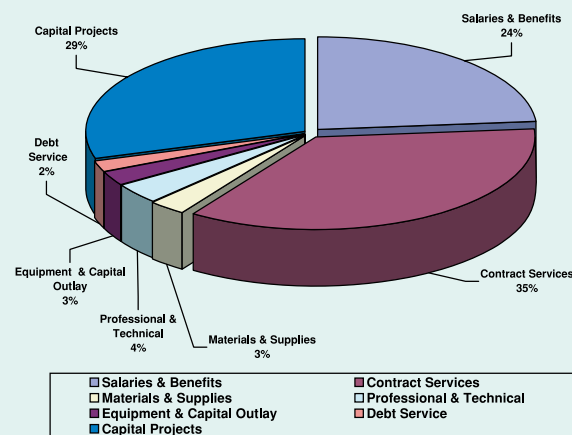
	Estimated actual FY 2006	Budget FY 2007	\$ Increase (decrease)	% Incr (decr)
Administration	\$1,154,276	\$1,322,841	\$168,565	14.6%
Public Safety	925,871	1,026,472	100,601	10.9%
Community Development	1,441,086	1,753,129	312,043	21.7%
Parks & Recreation	225,912	246,391	20,479	9.1%
Pathways	221,714	262,672	40,958	18.5%
Drainage & Street Operations	378,711	550,481	171,770	45.4%
Sewer/Solid Waste Operations	2,310,686	2,417,071	106,385	4.6%
Debt Service	206,333	211,316	4,983	2.4%
Capital Projects	2,640,654	3,289,000	648,346	24.6%
Total	\$9,505,243	\$11,079,373	\$1,574,130	16.6%

WHERE DOES THE MONEY COME FROM?



	Estimated actual FY 2006	Budget FY 2007	Increase (Decrease)	% Increase (Decrease)
Property tax	\$2,430,320	\$2,685,933	\$255,613	10.5%
Other taxes	840,557	829,951	(10,606)	(1.3)%
Licenses and permits	421,600	432,200	10,600	2.5%
Use of money & property	631,912	697,679	65,767	10.4%
Intergovernmental	394,773	1,083,000	688,227	174.3%
Charges for services	3,405,505	3,422,500	16,995	.5%
Miscellaneous	285,250	90,300	(194,950)	(68.3)%
Totals	\$8,409,917	\$9,241,563	\$831,646	9.9%

HOW IS THE MONEY SPENT?



EXPENDITURES BY OBJECT

	Estimated actual FY 2006	Budget FY 2007	\$ Increase (decrease)	% Incr (decr)
Salaries & Benefits	\$2,297,813	\$2,604,782	\$306,969	13.4%
Contract Services	3,550,220	3,977,867	427,647	12.0%
Materials & Supplies	242,000	305,910	63,910	26.4%
Professional & Technical	440,968	393,651	(47,317)	(10.7)%
Equipment & Capital Outlay	127,255	296,847	169,592	133.3%
Debt Service	206,333	211,316	4,983	2.4%
Capital Projects	2,640,654	3,289,000	648,346	24.6%
Total	\$9,505,243	\$11,079,373	\$1,574,130	16.6%

TOWN HALL STAFF — 2006



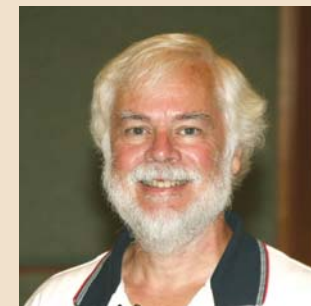
Pictured above First row L. to R.: Jeanne Evilsizer, Johnson Chung, Carl Cahill, Karen Jost, Sarah Ragsdale. Back row L. to Right: Cindy Higby, Judy Kozuki, Bill Carino, Henry Louie, Victoria Ortland, Tod McLemore, Steve Garcia, Debbie Pedro, John Chau, Brian Froblich, Richard Chen.

HAPPY TRAILS ...TOWN RING RENOVATION COMPLETED!



Happy Trails! The Town Ring renovations are now completed and residents on a regular basis are using the ring. Funding for the renovations (\$57,000) were made possible from the State of CA Park Bond Fund Grant. Pictured above L. to R.: Residents Judy Kash, Diane Garcia, Jolon Wagner, Mike Wagner; Carl Cahill, City Manager & Tod McLemore, Parks & Recreation Supervisor.

New Planning Commissioner Appointed



At their meeting on June 22, 2006 the City Council re-appointed incumbent Carl Cottrell to a 4-year term. A new applicant John Harpoolian was appointed to a 4-year term on the Planning Commission replacing Bill Kerns.

Outgoing Planning Commissioner



At the Planning Commission meeting on July 20th Ray Collins, Planning Commission Chairman and Carl Cottrell, Planning Commissioner thanked Bill for his dedicated service for the past 4-years.